

September 2004

Dear Member,

### **Consumer Magazines rule changes**

The ABC Council has ratified changes to the Consumer Magazine audit rules. **The latest rule book – 2004 Version 4 – incorporates these changes and is available to download from the ABC website [www.abc.org.uk](http://www.abc.org.uk)**

The rule changes were discussed and approved by the Consumer Magazines Specialist Committee. If you would like the Committee to review any current rule, or to consider any area where the rules may need development, please contact your Account Managers Terry Rossiter or Nicola Smart.

#### **1. Variances**

##### **Objective**

*To avoid confusion amongst members when completing return forms, this change simplifies the variance reporting for 6 monthly reporting magazines from the three methods currently possible to just one. Effective from the January to June 2005 audit period.*

##### **Rule**

New wording added as follows

#### **5.9 ISSUE VARIANCES**

##### **5.9.1 Publications on six month reporting frequency**

##### **Effective from January to June 2005 audit period**

- Publishers must report those issues which have a variance of more than 20% above or below the average for the period.
- ABC will report each issue with a variance of more than 20% above or below the average. The actual percentage variance will not be shown but each will be identified as being above or below the average as appropriate.

#### **2. Cover Price**

##### **Objective**

*To analyse overseas newstrade and single copy sales into rate bands according to the Basic Cover Price for the country where the copy is sold rather than comparing the price paid against a universally calculated Basic Cover Price.*

*UK and Republic of Ireland Basic Cover Price will still be calculated using the '80% rule' and it is this price only which will be reported on the Return form and certificate. Effective January to June 2005 audit period onwards.*

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**Rule**

Rule 6.1 Cover Price amended as shown for January to June 2005 period onwards:

- The classification of copies in the newstrade and single copy sales category will be affected by discounts which allow the final purchaser to obtain the copy at less than the Basic Cover Price. The analysis of sales in different rate bands compared to Basic Cover Price will be shown on the ABC Certificate and in ABC published data and must be analysed as follows:

**UK and Republic of Ireland copies**

Where multiple cover prices by edition or ~~by territory~~ UK region/Republic of Ireland exist, the Basic Cover Price will be the price at which at least 80% of the UK/Republic of Ireland newstrade and single copy sales circulation is sold at or below.

*For example, if a magazine has the following circulation and cover prices:*

*200,000 copies priced at £1.00*

*300,000 copies priced at £1.20*

*500,000 copies priced at £1.50*

*100,000 copies priced at £2.00*

Then 80% of the total copies will have been sold at or below £1.50 and so £1.50 will be deemed the Basic Cover Price. Therefore copies sold in the UK/Republic of Ireland with the cover price of £2.00 and £1.50 can be claimed as full rate and copies sold at £1.20 and £1.00 must be claimed at below full rate. (This allows for premium pricing).

The Basic Cover Price for the UK and Republic of Ireland for the last issue distributed during the Audit Period must be stated on the ABC Return for that period in ~~one currency of the publisher's choice~~ either sterling or euros. If the last issue distributed in the period is a double or one-off issue then the cover price of the issue prior to this must be reported.

**Overseas copies**

Copies must be classified into the appropriate rate banding according to the Basic Cover Price for the country in which they are sold. *For example: If the Basic Cover Price for a publication in France is 2 Euros, then copies sold at 2 Euros will be considered as sold at Basic Cover Price.*

ABC's integrity depends on high standards in auditing practice and also its commitment to involving the industry in every aspect of the audit system. If you would like more information about how the changes affect you, or would like the Committee to review any current rule, or to consider any area where the rules may need development, please contact your Account Managers Terry Rossiter or Nicola Smart.

Yours sincerely,



Martin Hackett

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